

Message Text

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C O N F I D E N T I A L STATE 132459

FOL REPEAT KINGSTON 1695 SENT ACTION SECSTATE

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C O N F I D E N T I A L KINGSTON 1695

EO 11652: GDS

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SUBJECT: COMMONWEALTH HEADS OF GOVERNMENT DISCUSS PROPOSALS
FOR NEW WORLD ECONOMIC ORDER

1. SUMMARY: COMMONWEALTH HEADS OF GOVERNMENT ON MAY 1
BEGAN FIRST DAY OF TWO-DAY DISCUSSION OF PROPOSALS FOR
NEW WORLD ECONOMIC ORDER. WILSON (UK) SUBMITTED SIX-
POINT PLAN TO FORM PART OF A NEW GENERAL AGREEMENT ON
COMMODITIES. STATING THAT BRITISH PROPOSALS DID NOT
GO FAR ENOUGH, FORBES BURNHAM (GUYANA) CALLED FOR GROUP
OF EXPERTS TO MAKE RECOMMENDATIONS IN A VARIETY OF AREAS.
PRELIMINARY INDICATIONS ARE THAT THERE IS GENERAL
CONSENSUS IN FAVOR OF BRITISH PROPOSAL AND DESIRE TO
AVOID CONFRONTATION. AS A RESULT COMMONWEALTH EXPECTED
TO COMPROMISE BY ADOPTING BURNHAM'S SUGGESTION FOR COMMITTEE
OF EXPERTS TO GIVE FURTHER STUDY TO BOTH PROPOSALS.

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2. THE BRITISH PRIME MINISTER'S PLAN WAS PUT FORWARD

IN A FORMAL SPEECH WHICH CALLED FOR A SIX-POINT PLAN OF ACTION.

MR. WILSON SAID THE FOLLOWING SIX STEPS SHOULD BE TAKEN:

A) TO ESTABLISH A BETTER EXCHANGE OF INFORMATION
ON FORWARD SUPPLY AND DEMAND.

B) TO DEFINE MORE SPECIFICALLY THE CIRCUMSTANCES
UNDER WHICH IMPORT AND EXPORT RESTRICTIONS MAY BE
APPLIED TO COMMODITIES

C) TO ENCOURAGE THE DEVELOPMENT OF PRODUCER-CONSUMER
ASSOCIATIONS

D) TO GIVE FRESH IMPETUS TO THE EFFORTS OF BOTH
PRODUCERS AND CONSUMERS TO CONCLUDE COMMODITY AGREEMENTS
DESIGNED TO FACILITATE THE ORDERLY DEVELOPMENT OF TRADE.
IN ORDER TO DO THIS APPROPRIATE COMMODITIES WOULD HAVE
TO BE IDENTIFIED AND MECHANISMS ESTABLISHED TO REGULATE
THE TRADE WITHIN THE FRAMEWORK OF SUCH AGREEMENTS,
INCLUDING WAYS TO FACILITATE THEIR FINANCING, ETC.

E) TO AGREE THAT THE REGULATORY MECHANISMS IN
ANY INTERNATIONAL COMMODITY AGREEMENT WOULD BE DIRECTED
TOWARDS THE MAINTENANCE OF MARKET PRICES WITHIN A
NEGOTIATED RANGE.

F) TO ESTABLISH THE FRAMEWORK OF A SCHEME FOR
THE STABILIZATION OF EXPORT EARNINGS FROM COMMODITIES.

3. STATING THAT THE BRITISH PROPOSALS WERE NOT A
SUFFICIENTLY COMPREHENSIVE RESPONSE TO THE PROGRAM CALLED FOR
BY UN GENERAL ASSEMBLY. PM FORBES BURNHAM SAID THAT THE SEARCH
FOR SOLUTIONS MUST BEGIN WITH THE COMMONWEALTH-WIDE GROUP OF
EXPERTS TO STUDY MEASURES OF A PRACTICAL NATURE. HIS COMMITTEE
WOULD PROVIDE GUIDELINES AND PAY PARTICULAR ATTENTION
TO:

A) MEASURES TO STRENGTHEN INTERNATIONAL COOPERATION
IN THE FIELD OF INTERNATIONAL TRADE IN PRIMARY
COMMODITIES WITHIN THE CONTEXT OF UNCTAD.
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B) MEASURES WHICH THE INTERNATIONAL COMMUNITY CAN
INTRODUCE FOR ASSISTING DEVELOPING COUNTRIES WITH FOOD
PRODUCTS AND COOPERATION AMONG THEMSELVES AT THE
SUB-REGIONAL AND REGIONAL LEVELS.

C) MECHANISMS FOR INCREASING THE FLOW OF LONG
TERM DEVELOPMENT FUNDS AND THE TRANSFER OF REAL

RESOURCES TO DEVELOPING COUNTRIES.

D) RELEVANT CONCEPTS AND MECHANISMS EMBODIED IN RECENT ECONOMIC COOPERATION AGREEMENTS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

E) INSTITUTIONAL REFORM WITH PARTICULAR REFERENCE TO INCREASING THE SHARE OF THE DEVELOPING COUNTRIES IN DECISION MAKING IN THE MAJOR FINANCIAL INSTITUTIONS.

4. BOTH PROPOSALS WERE GIVEN EQUAL PLAY IN THE LOCAL PRESS AND BOTH FORBES BURNHAM AND WILSON HELD PRESS CONFERENCES TO DISCUSS SAME. ACCORDING TO THE NEWS-PAPERS WILSON COMMENTED THAT BURNHAM'S PROPOSALS WERE HELPFUL. BURNHAM, ON THE OTHER HAND, REJECTED THE BRITISH PROPOSAL THAT CONSUMER NATIONS SHOULD BE REPRESENTED ON PRODUCER ASSOCIATIONS. HE SAID " IN THE SCRIPTURES IT IS WRITTEN THAT ON THE SECOND COMING OF THE LORD THE LION SHALL LIE WITH THE LAMB, BUT THE LORD HASN'T COME YET". ACCORDING TO THE PRESS OTHER PRINCIPAL SPEAKERS DURING THE DISCUSSION WERE ROWLING (NEW ZEALAND) WHO SPOKE ABOUT THE NEEDS OF THE DEVELOPING COUNTRIES, URGED BETTER TERMS OF TRADE FOR THEM, AND CALLED FOR IMPROVEMENTS IN GATT AND THE IMF; TRUDEAU (CANADA) WHO POINTED OUT THAT SOME DEVELOPED COUNTRIES ARE ALSO EXPORTERS OF PRIMARY PRODUCTS; GENERAL GOWON (NIGERIA) WHO SAW MERIT IN THE WILSON PLAN ON THE BASIS THAT A START HAD TO BE MADE, BUT INDICATING SOME RESERVATIONS ON THE BURNHAM PROPOSALS; INDIAN FOREIGN MINISTER WHO SAW MERIT IN THE BRITISH APPROACH IN THAT ATTENTION TO COMMODITIES COULD DO A LOT TO HELP THE PRIMARY PRODUCERS; AS WELL AS A NUMBER OF OTHER LEADERS. PRESS REPORTS STATED THAT THERE WAS A GENERAL CONSENSUS
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THAT ALTHOUGH THE BURNHAM PROPOSALS WERE FORCEFUL THEY WERE MORE THEORETICAL THAN THE WILSON ONES WHICH AIMED AT AN IMMEDIATE IMPROVEMENT.

5. COMMENT: BRITISH HIGH COMMISSION SOURCE TOLD ECONOFF THAT, EXCEPT FOR BURNHAM, MOST DELEGATES REMAINED BROADLY IN FAVOR OF BRITISH PROPOSALS. HE CONCURRED THAT THE BURNHAM PROPOSAL WAS A PARTIAL ATTEMPT TO TAKE THE INITIATIVE AWAY FROM THE BRITISH. SOME OF THE ATTEMPT HAD BEEN BLUNTED BY THE AFRICANS, ESPECIALLY THE LARGER COUNTRIES, AND PARTICULARLY NIGERIA. THERE WOULD BE CONSIDERABLE EFFORT AMONG THE DELEGATES TO HAMMER OUT A CONSENSUS WHICH WOULD PROBABLY CONSIST OF AN AGREEMENT TO ADOPT BURNHAM'S PROPOSAL TO ESTABLISH A COMMITTEE OF EXPERTS TO STUDY THE WILSON PROPOSALS.

CANADIAN HIGH COMMISSION OFFICER SAID UK PROPOSAL RECEIVED MIXED REACTION BECAUSE MANY COMMONWEALTH MEMBERS DO NOT WANT THE UK TO APPEAR TO BE COMMONWEALTH LEADER. HE ALSO THOUGHT BURNHAM'S PROPOSAL WAS PART OF BURNHAM-MANLEY DESIRE TO KEEP THE PRODUCER CARTEL IDEA ALIVE AND AT THE FOREFRONT OF INTERNATIONAL FORA. MANY OF THE AFRICANS HAD MIXED FEELINGS, PARTICULARLY THE LARGER COUNTRIES WHO FELT THEY COULD DEAL WITH THE DEVELOPED WORLD AS EQUALS. HE COMMENTED THAT NIGERIA IN PARTICULAR WOULD NOT JUMP ON THE BANDWAGON JUST BECAUSE THE DRUMMER WAS A THIRD WORLD LEADER. EMBASSY OFFICERS EXPECT TO HAVE CONTACTS WITH COMMONWEALTH COLLEAGUES OVER THE WEEKEND AND WILL REPORT ADDITIONAL REACTIONS. ON BASIS OF PRESS COVERAGE ALONE THERE IS LITTLE DOUBT THAT CARIBBEAN, I.E., MANLEY AND BURNHAM, HAVE ATTEMPTED TO TAKE INITIATIVE AWAY FROM THE UK. THE DAILY NEWS EDITORIAL STATED THAT "MR BURNHAM SPEAKS WITH THE VOICE OF A THIRD WORLD LEADER IN A HURRY TO REDRESS THE IMBALANCES WHICH ARE THE BAIN OF THE WORLD'S POOR. ON THE OTHER HAND MR. WILSON SPEAKS WITH THE VOICE OF ONE DEVOTED TO A STAGNATING GRADUALISM. COPIES OF BOTH BURNHAM'S AND WILSON'S SPEECHES WILL BE POUCHED AS SOON AS AVAILABLE. GERARD

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